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NATIONAL CANADIAN BANK

(BANQUE CANADIENNE NATIONALE)

SEVENTY-FIFTH
ANNUAL REPORT
NOVEMBER 30, 1949



NATIONAL CANADIAN BANK

Established 1874

Head Office: MONTREAL

Paid-up Capital and Reserve Fund, \$14,000,000.00

Assets, \$430,120,123.81

SEVENTY-FIFTH
ANNUAL REPORT
NOVEMBER 30, 1949

NATIONAL CANADIAN BANK

BOARD OF DIRECTORS

BEAUDRY LEMAN, *Chairman of the Board*

C. E. GRAVEL, *President of the Bank*

CHAS. LAURENDEAU, K.C., *Vice President*

HON. J. NICOL, *Vice President*

L. J. ADJUTOR AMYOT

HON. WILFRID GAGNON

ARMAND CHAPUT

A. J. MAJOR

AUGUSTE DESILETS, K.C.

HON. ALPHONSE RAYMOND

HON. J. M. DESSUREAULT

LEO G. RYAN

GEO. T. DONOHUE

CHARLES ST-PIERRE

HEAD OFFICE

CHAS. ST-PIERRE - - - - - *General Manager*

J.-A. DULUDE	}	- - - - -	<i>Assistant General Managers</i>
ULRIC ROBERGE			
P. DE L. TACHÉ			
J. L. DAVIGNON			

J. N. GOSSELIN	}	- - - - -	<i>Superintendents</i>
GEORGES BEAUDRY			

E. BEAUREGARD	}	- - - - -	<i>Managers, Credit Department</i>
RODRIGUE ST-ONGE			

LOUIS ROUSSEAU - - - - - *Chief Inspector*

LOUIS HÉBERT - - - - - *Chief Accountant*

L. ALLARD - - - - - *Manager, Foreign Department*

LÉON LORRAIN - - - - - *General Secretary*

NATIONAL CANADIAN BANK

SEVENTY-FIFTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF NATIONAL CANADIAN BANK

Record of Proceedings at the Seventy-Fifth Annual General Meeting of the Shareholders held on Tuesday, 10th January, 1950, at twelve o'clock noon, at the Head Office of the Bank, Place d'Armes, Montreal, Canada.

Among those present were: Messrs. L. J. Adjutor Amyot, André Bachand, J. T. Beaudin, Georges Beaudry, Léonce Beaudry, Georges R. Beaulieu, Georges Beaupré, Paul Béique, B. Bélanger, J. A. Blondeau, L. Bouthillier, Joseph Boutin, Paul H. Brault, J. Hector Brodeur, J. A. Brouillette, Rodolphe Casgrain, O. Castonguay, Armand Chaput, Emile Chaput, Arthur Courtois, Charles David, J. L. Davignon, A. Demers, J. V. Desaulniers, J. Donat Desrosiers, Auguste Desilets, K.C., Hon. J. M. Dessureault, Messrs. George T. Donohue, J. A. Dulude, Charles Duranceau, Léopold Ethier, T. Fafard, Hon. Wilfrid Gagnon, Messrs. Alex. Gérin-Lajoie, K.C., J. N. Gosselin, C. E. Gravel, Paul Guimond, Louis Hébert, Joseph Hurtubise, Raymond Hurtubise, R. Kirouac, Yvon Lamarre, Miss A. Langlois, Messrs. Pierre Langlois, Antoine L'Ecuyer, J.-Armand Lefebvre, Jules Lemire, Léon Lorrain, C. A. Lussier, Hector Mackay, N.P., L. A. Maheux, A. J. Major, F. M. Marcotte, Emile Massicotte, N.P., Raoul Meilleur, J. E. Mercille, René Morin, N.P., Hon. Jacob Nicol, Messrs. J. H. Paré, Gérard Parizeau, Châteauguay Perrault, J. E. Poirier, J. Alex. Prud'homme, K.C., Hon. Alphonse Raymond, Messrs. J. Aldéric Raymond, Ulric Roberge, Louis Rousseau, P. E. Rousseau, Léo Roy, Leo G. Ryan, Rodrigue St-Onge, Charles St-Pierre, Guillaume Saint-Pierre, K.C., Justice Edouard Fabre Surveyer, Messrs. P. de L. Taché, Paul Vaillancourt, Maurice Vallée, Ludger Venne, Georges P. Vinant.

It was moved by Mr. Charles David, seconded by Mr. Maurice Vallée, that Mr. C. E. Gravel be appointed Chairman and Mr. Léon Lorrain Secretary of the Meeting. The motion was unanimously carried.

The Secretary read: (1) Notice calling the Shareholders meeting, as published in the newspapers, (2) Certificates evidencing that the following documents had been forwarded to every shareholder, according to law: (a) Notice of meeting, (b) A form of proxy, (c) Statement recording the attendance of the Directors at Board meetings, (d) A copy of the record of proceedings at the Annual General Meeting held on January 8, 1949.

The Record of proceedings at the seventy-fourth Annual General Meeting having been mailed to every shareholder, as evidenced by the certificate just read, it was moved by Mr. J. A. Blondeau, seconded by Mr. Emile Massicotte, and unanimously resolved that this record of proceedings be taken as read and confirmed.

On motion by Mr. Paul H. Brault, seconded by Mr. Charles David, it was unanimously resolved that Messrs. Joseph Hurtubise and Paul Vaillancourt be appointed scrutineers.

The Chairman called upon the General Manager to read the Seventy-fifth Annual Report of the Board of Directors.

SEVENTY-FIFTH ANNUAL REPORT

Gentlemen,

Your Directors have the honour to submit their report on the Bank's operations for the financial year ending November 30, 1949.

PROFIT AND LOSS ACCOUNT

30th NOVEMBER, 1949

Profits for the year ended 30th November, 1949, after making appropriations to Reserves for Contingencies out of which accounts full provision for bad and doubtful debts has been made.....		\$ 1,374,709.65
Less:		
Provision for Dominion and provincial taxes.....	\$ 362,590.36	
Contribution to Staff Pension Fund.....	150,000.00	
Written off Bank Premises.....	243,844.70	756,435.06
Net Profits after the foregoing deductions.....		\$ 618,274.59
Dividends.....		560,000.00
Amount carried forward.....		\$ 58,274.59
Balance at credit of Profit and Loss Account, 30th November, 1948.....		487,515.23
Balance at credit of Profit and Loss Account, 30th November, 1949.....		<u>\$ 545,789.82</u>

LOUIS HEBERT,
Chief Accountant

C. ST-PIERRE,
General Manager

C. E. GRAVEL,
President

BALANCE SHEET

30th NOVEMBER, 1949

ASSETS

Subsidiary coin held in Canada.....	\$ 1,195,130.79	
Subsidiary coin held elsewhere.....	36.33	
Notes of Bank of Canada.....	14,385,565.00	
Deposits with Bank of Canada.....	31,756,761.65	
Notes of and cheques on other banks.....	17,211,233.81	
Government and bank notes other than Canadian.....	415,150.65	
Due by banks and banking correspondents elsewhere than in Canada.....	2,757,229.97	\$ 67,721,108.20
Dominion Government direct and guaranteed securities maturing within two years, not exceeding market value	65,122,534.70	
Other Dominion Government direct and guaranteed securities, not exceeding market value.....	66,939,487.39	
Provincial Government direct and guaranteed securities, maturing within two years, not exceeding market value	5,593,667.78	
Other Provincial Government direct and guaranteed securities, not exceeding market value.....	39,740,485.15	
Canadian municipal securities, not exceeding market value.	16,547,195.72	
Public securities other than Canadian, not exceeding market value.....	831,587.68	
Other bonds, debentures and stocks, not exceeding market value.....	16,061,158.29	
	210,836,116.71	
Call and short (not exceeding thirty days) loans in Canada on stocks, debentures, bonds and other securities, of a sufficient marketable value to cover.....	3,366,689.61	214,202,806.32
		\$281,923,914.52
Current loans and discounts in Canada, estimated loss provided for.....	131,868,123.90	
Current loans and discounts elsewhere than in Canada, estimated loss provided for.....	320,501.16	
Loans to cities, towns, municipalities and school corporations.....	8,367,232.29	
Non-current loans, estimated loss provided for.....	23,639.96	140,579,497.31
Liabilities of customers under acceptances and letters of credit as per contra.....	422,737.79	
Mortgages on real estate sold by the Bank.....	216,321.17	
Deposit with the Minister of Finance for the security of note circulation.....	30,298.54	
Bank premises at not more than cost, less amounts written off.....	6,629,591.71	
Other assets.....	317,762.77	7,616,711.98
		<u>\$430,120,123.81</u>

LIABILITIES

Capital paid up.....	\$ 7,000,000.00	
Reserve Fund.....	7,000,000.00	
Balance of Profit and Loss Account.....	545,789.82	
Dividends declared and unpaid (including dividend payable 1st December, 1949).....	154,166.80	\$ 14,699,956.62
Notes of the Bank in circulation.....		541,592.00
Deposits by and balances due to Dominion Government...	13,825,634.15	
Deposits by and balances due to Provincial Governments..	2,416,491.94	
Deposits by the public not bearing interest.....	98,025,749.03	
Deposits by the public bearing interest, including interest accrued to date of statement.....	295,533,339.81	
Deposits by and balances due to other chartered banks in Canada.....	3,817,805.49	
Deposits by and balances due to banks and banking corres- pondents elsewhere than in Canada.....	764,102.24	414,383,122.66
Acceptances and letters of credit outstanding.....		422,737.79
Other liabilities to the public.....		72,714.74
		<u>\$430,120,123.81</u>

NOTE:—The assets and liabilities of Banque Canadienne Nationale (France) same being considered a branch operating as a subsidiary of Banque Canadienne Nationale, are included in above Balance Sheet.

LOUIS HEBERT,
Chief Accountant

C. ST-PIERRE,
General Manager

C. E. GRAVEL,
President

AUDITORS' REPORT TO THE SHAREHOLDERS

We beg to report to the Shareholders of Banque Canadienne Nationale that we have checked the cash and verified the securities of the Bank at the Chief Office as at 30th November, 1949, as well as at another time during the year, and found they agreed with the entries in the books in regard thereto.

We have examined the books and accounts at Head Office and have compared the above Balance Sheet with these books and with the certified returns from the branches. In our opinion, the Balance Sheet is properly drawn up so as to disclose the true condition of the Bank as at 30th November, 1949, according to the best of our information and the explanations given us, and is as shown by the books of the Bank.

We have obtained all the information and explanations required by us, and in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank.

MAURICE CHARTRE, C.A.	} Auditors
of Chartré, Samson, Beauvais, Gauthier & Cie	
A. BALLANTYNE, C.A.	
of Peat, Marwick, Mitchell & Co.	

Montreal, 15th December, 1949.

The financial report of your Bank for the year ended November 30, 1949, which has been handed to you, shows results and discloses a condition that will doubtless be considered satisfactory.

Profits amounted to \$1,374,709, an increase of \$60,529 over the previous year. They were allocated as follows: provision for federal and provincial taxes, \$362,590; contribution to the staff pension fund, \$150,000; amortization of bank's premises, \$243,844; dividends, \$560,000. The credit balance of Profit and Loss Account increased from \$487,515 to \$545,789.

Deposits, having gained more than 22 and a half million dollars during the year, reached the all-time high of \$414,383,123. Government deposits increased by more than four and a half millions; non-interest-bearing deposits by the public, by more than seven millions, and interest-bearing deposits by the public, by nearly ten and a half millions.

Savings deposits, the sum of which had more than doubled between 1943 and 1948, showed a further rise from 285 millions to 295 and a half millions during the past year. This remarkable progress, while reflecting a greater number of depositors, indicates that the Bank's clients take advantage of these years of plenty to build up reserves.

The notes of the Bank in circulation, on November 30, 1949, amounted to \$541,592. This item appears for the last time on the balance sheet. According to the provisions of section 61, paragraph 7, of the Bank Act of 1944, all the chartered banks must remit to the Bank of Canada, on or before January 31st of this year, a sum equal to the notes issued or assumed by such banks and which were not redeemed by January 1st, 1950. From this date, such notes will be paid, at any time on presentation, by the Bank of Canada.

The application of this section of the law definitely abrogates the double responsibility of bank shareholders.

Total assets of the Bank aggregate \$430,120,124, a new high record. Cash assets total \$67,721,108, as against \$65,083,069 a year ago; they are equal to 16.31% of liabilities to the public. Quick assets, higher by more than twenty-five and a half millions, are at \$281,923,915 or 67.93% of liabilities to the public. The Bank's investments are shown at \$210,836,117, a gain of \$22,852,758.

Current loans and discounts amount to \$132,188,625, compared with \$136,901,610 on November 30, 1948. This slight decrease is accounted for by a lessening in the Bank's advances for forestry operations which have declined to the extent of 10%, in the Province of Quebec, during 1949 as compared with 1948. It may be interesting to point out that the amount of the Bank's current loans and discounts has doubled in four years, having risen from \$64,988,700 on November 30, 1945, to more than \$132 million at the close of the past year.

The balance sheet shows the value of bank premises at \$6,629,592, as against \$5,791,535 on November 30, 1948. This increase is due to the construction of the Bank's building, corner St. Catherine and Metcalfe Streets, where our St. Catherine St. West branch will be installed, and to the enlargement and modernization of other offices.

The Canadian economy remained very active during 1949. What does the future hold in store for us for the year just beginning? The magnitude of the natural resources of our country, the absence of a wave of speculation on securities and on merchandise such as that which followed the first world war and brought about the crisis of 1920-21, and the important savings of the public justify us to look to the future with confidence. But our optimism should be reasoned and restrained, for prudence is more imperative than ever because of the uncertainty of the factors that will determine the degree of economic activity in our country during the present year.

During the past year, the Bank opened a second branch in St. Hyacinthe and a fifteenth branch in Quebec City; it converted into branches its agencies at Sept-Isles, Ville LaSalle, Metabetchouan and Fournier, Ontario, and it established agencies at Bordeaux, Laprairie, Mistassini and St. Michel de Squatteck. Banque Canadienne Nationale now maintains at the disposal of its clients and the public 542 offices: 235 branches and 307 agencies.

It is always a pleasure to acknowledge that the progress of the Bank is due, in a large measure, to the effective work of the staff whose valuable cooperation is highly appreciated.

ADDRESS OF THE PRESIDENT

75th ANNIVERSARY

As you have noted, gentlemen, the report just submitted to you by the General Manager, Mr. Charles St-Pierre, refers to the seventy-fifth financial year of your Bank. We feel that such an anniversary should not be allowed to pass without taking a glance on the past years. A few figures will suffice to show the progress realized in three-quarters of a century. The total assets of the Bank, which were not more than one million dollars at the end of the first financial year, in 1874, had already reached nine millions in 1900, twenty-three and a half millions in 1910, seventy-five and a half millions in 1920, one hundred and forty-seven millions in 1930, and exceed, today, four hundred and thirty million dollars. The National Canadian Bank maintains 542 offices, of which 516 are in the Province of Quebec.

Since 1874, all countries have known several economic and financial crises—and Canada has not escaped these—without mentioning the two greatest wars in History. It has not always been

easy for your Bank, since its modest beginnings, and it is not without difficulties that it has reached its present development. We should therefore, on this seventy-fifth anniversary, pay a tribute to the energy, steadfastness and devotion of its Directors, who have succeeded each other during this lengthy period, under the presidencies of Messrs. Louis Tourville, F. X. St-Charles, the Honourable J. D. Rolland, Mr. J. A. Vaillancourt, the Honourable F. L. Bédard, the Honourable J. M. Wilson, and of Mr. Beaudry Leman, who continues to give to the Bank the benefit of his great competence, of his ability and of his wide experience.

We also should recognize the merits of the staff, frequently renewed in three-quarters of a century, but which has at all times proven its diligence and loyalty in contributing to make of the Bank of Hochelaga of 1874 the great credit institution which is today the National Canadian Bank.

Economic Conditions

The year 1949, as everyone could observe, has been a year of extensive activity. Industrial production, during the first six months, reached the highest level of the postwar period. However, during recent months, a certain slowing-down has become evident in some lines, due to a shrinking of the demand in various foreign markets, the result of increased exchange difficulties. Nevertheless, according to reports presently available, it appears that the general trend of business will have been almost as important as during the previous year.

The latest official reports value the wheat crop of Canada at 367 million bushels, a decrease of some 26 million bushels as compared with 1948. They anticipate, furthermore, a substantial reduction in the harvest of oats, barley and rye. It may be hoped, however, that such declines will be compensated, in part at least, by the abundance of other crops. It is considered that, despite the rise in farm operation costs, the purchasing power of farmers during the twelve month period ending June 30th last was appreciably higher than during the previous twelve months.

The falling-off in our exports of lumber and timber has had, in some districts, an unfavourable influence on forestry operations; but, in the country as a whole, the latter have been actively carried on due to the increased demands of the pulp and paper industry and the building trades.

The drop in the prices of copper, lead and zinc is creating certain difficulties all the more serious because it is coinciding with an increase in operating costs. Nevertheless, the growing needs of the domestic market and the steady demand of the United States, which are accumulating reserves of base metals, have increased mineral production as compared with 1948. If a slight decrease is to be noted

in the extraction of nickel and lead, there was an important rise in the production of copper, zinc and iron ore, as well as of coal, oil, gold and silver.

The building industry, the activity of which has profound repercussions on the production of several raw materials and of a great number of manufactured goods, is in full progress. The value of building contracts awarded from January 1st to November 30th., 1949, has exceeded a billion dollars, a figure never previously reached even in twelve months. The total for 1948, which was considered a record, was about 954 millions. Due to the shortage of houses, contracts for the building of dwellings, many of which were partly financed by the Governments, featured first place among the different classifications of construction work, representing an amount of about 400 million dollars, being an increase of 24% as compared with the same months of 1948.

Certain lines of manufactures, especially among those which find their main outlets abroad, have had to restrict their operations during the closing months of the year. On the whole, however, the output of factories and plants remains at a high level, as evidenced by activity in employment, which has slowed down but slightly in the last months of the year, and by the production of electric power, which probably will have reached a new peak in 1949.

Several factors have contributed to bring the resources of the public to a level never before attained even during wartime. The income of the laboring class has been higher than in 1948 and that of the farmers will probably not have declined in any appreciable manner in the country as a whole. The Federal Government, after reimbursing the compulsory wartime savings and reducing income tax, has put into circulation hundreds of millions of dollars in the form of allowances, premiums and subsidies. Due to the increased purchasing power of the public, retail trade has shown a more substantial turnover than that of 1948, which has not prevented deposits in the chartered banks from reaching, by the end of September, an all-time high.

The Progress of Quebec

It would appear that it is the proper time to call your attention to the considerable progress realized by the Province of Quebec during the last few years, not only in the sphere of education and arts, but also in the economic field which is of special interest to us here. It is contributing, in an ever-growing way, to the prosperity of Canada.

The general increase in chartered banks deposits, referred to above, does not reflect the full extent of this progress, for, in the Province of Quebec, a number of institutions, banking and others, have experienced an expansion in the sums entrusted to them.

The forest and mineral wealth, and the numerous sources of electric power, have promoted the rapid industrialization of Quebec,

which nevertheless remains a great agricultural province. Such an evolution assures a better balanced economy and a stability which undoubtedly is one of its characteristics.

In all lines of production, the Province of Quebec is making a remarkable headway year after year. It is gradually extending its agricultural area by bringing forest land under cultivation and by retrieving waste land by means of drainage. Farmers are endeavouring to vary their crops and to increase their yield by a more intensive use of machinery and chemical fertilizers. The modernization of their methods and the remunerative prices of farm products have resulted in a remarkable improvement of their financial situation and of their standard of living.

Quebec is presently producing more than half of the hydro-electric power available in the whole of Canada. Turbines already installed are generating more than six million H.P. and vast installations are in course of completion in five or six districts of the Province.

Mining has been very active during the past year. Statistics show, in comparison with 1948, a higher extraction of gold, silver, copper and zinc. The production of asbestos fell off owing to the prolonged miners' strike, but since work was resumed, it has reached a record volume. It is believed that the value of mineral production in Quebec will reach, for 1949, the highest all-time figure.

The development of mineral wealth is, however, only in its infancy. The vast reserves of iron and titanium in the district of Havre-St-Pierre will soon be brought into production and will be conveyed, by means of a railway now under construction, to this Saint-Lawrence port from which the ore will be shipped. A refinery at Sorel will be able to treat, daily, from the start, 1,500 tons of this mineral. The exploration of the tremendous iron deposits of Labrador already justifies a valuation of 300 million tons. Moreover, it is hoped that in these vast areas there will be found, in addition, manganese deposits, a mineral much in demand, especially in the United States. Finally, in many districts of the Province, prospecting is being carried on continuously.

The natural wealth of the Province, which has brought about the establishment on its territory of the great aluminum plants of Arvida and of the most important pulp and paper center in the world, continues to attract industrial undertakings of every kind.

The manufacturing industry of Quebec has therefore shown, during the last four or five years, a tremendous progress, and it is estimated that there are today some 11,200 establishments whose gross value of production exceeds three billion dollars, about 30 per cent of the total value of Canadian production.

Canadian Trade

The great activity prevailing throughout Canada is ascribable to a large extent, to the remarkable progress of industrialization which in ten years has transformed the national economy.

Since 1939, industry has seen its laboring force and the value of its production doubled. This expansion, resulting from the war, has been maintained, and it is estimated that, since 1946, capital expenses for the purpose of establishing new undertakings, enlargements and modernizations, have exceeded ten billion dollars, of which two billions have been invested in the manufacturing industry.

The population of Canada, although it exceeds thirteen and a half million, is far from having increased in the same proportion as the volume of its industrial production. Its economic development has therefore made our country still more dependent upon foreign markets for its prosperity. Now the division of the postwar world into two groups, barter arrangements, quotas, bilateral trade agreements, currency controls and, more recently, exchange crises, are presently restricting the resumption of international trade.

If such adverse factors have scarcely up to now affected our export trade, it is because the latter has been sustained by means of long term credits, of sales contracts with Britain at reduced prices, and by the Marshall plan grants to European customers of our country. It will not be possible to draw up before several weeks the picture of Canada's foreign trade in 1949, but the figures available to date indicate that it will be almost up to the level of 1948. Can we, however, face without concern the day when our export trade will have to manage without these advantages, and will have to meet, on all markets, the competition of the European countries, which grows more intense as their economy is restored? If there is some fear that the Marshall plan will not reach its ultimate objective, which was to enable the beneficiary countries to resume normal trade relations with the rest of the world, it is certain that it has already fulfilled its immediate purpose, namely, that of improving the economic condition of these countries.

Our trade with the United States shows an upward trend in our purchases and a reduction in our sales, which has the effect of delaying the restoration of our trade equilibrium. It is expected, however, that the devaluation of the Canadian dollar, in September last, will have increased our exports during the last three months of the year. Our oil imports from the neighboring Republic last year amounted to 300 million dollars, but it is estimated that we shall save, this year, some 90 million dollars owing to the tremendous oil reserves in Alberta. These oil fields, the exploration of which is indeed far from completed, according to the latest reports, are considered so rich that Canada may one day become an exporting country. In the meantime, the operation of these oil-bearing lands of the West is inducing an afflux of American capital which will assume considerable proportions in a few years.

The surplus of our exports resulting from our trade with the United Kingdom is slightly below that of 1948, and it is quite likely that it will have revealed, during the last three months of the year, a further decline, in consequence of the devaluation of the pound

sterling and the means taken by Britain to increase her exports towards the dollar area, while restricting imports therefrom. The United Kingdom will endeavour to develop in Canada her sales of products of heavy industry, machine-tools, mechanical equipment, motors, etc., which the United States now supply rather than her sales of consumer goods, the production of which she could not rapidly increase. Furthermore, in many cases, she could not compete with Canadian industry, whose cost prices are lower.

As for international trade, one of the important obstacles to recovery lies in the unequalled initiative shown by the Americans and the prodigious technological progress they have achieved during the last thirty years. Except in cases of absolute impossibility, they have been successful in cultivating or in manufacturing those products which they heretofore had to obtain abroad, and they have even, in some cases, invented substitutes. Economists are of the opinion that the United States produce nowadays 94 per cent of what is consumed there. The import requirements of the great Republic, even if they are only the equivalent of 6% of its consumption, nevertheless represent an enormous volume of goods; but there is some doubt as to whether this would be sufficient to restore the balance of its trade with the rest of the world.

Currency Devaluation

The soft-money countries are endeavouring to be self-sufficient as far as possible and to restrict among themselves the largest part of their trade. They are saving their dollars for the importation of those products which hard-currency countries alone can supply. Despite these precautionary measures, the United Kingdom has seen her gold and dollar reserves fall so rapidly that, on September 18th, last, she chose to devalue the pound sterling by 30.5 per cent.

When a country devalues its currency, its exports are stimulated, at least theoretically, since its products cost less to foreign buyers. On the other hand, it must pay more for its imported goods. If it is dependent on other nations for a major part of its foodstuffs and raw materials, as is the case with Britain, it cannot prevent a rise in the cost of living and of production. Since the month of September, an upward trend in prices, expressed in dollars, has been noted for several products from the sterling area.

Furthermore, a country only finds real advantage in devaluation when a few others only resort to this step. At present, to protect their export trade, nearly sixty nations, protectorates and colonies have likewise devalued their currency. Forty-three of them have lowered it by 30.5%, some reducing it by 33%, 43% and even by more than 45%. When so many countries devalue their currency, it is obvious that none of them will obtain the slightest advantage thereby.

Only the United States and Switzerland have maintained their currencies at the former rate. All those who have devalued theirs have done so expecting to increase their sales to the United States. Washington is indeed quite aware that a creditor country cannot maintain its exports to debtor countries unless its imports supply them with the means to make the necessary payments. That is the reason why it has taken part in conferences the aim of which was to lower customs tariffs, and has adhered to the Geneva and Annecy trade agreements, by the terms of which a great number of nations are making mutual concessions.

Outlook for 1950

The future, however, does not fail to arouse some concern in the minds of certain observers. For four years, Canadian industry has been meeting needs deferred during wartime; at a time when competition is not too keen, it has taken care of the demands, largely of a temporary nature, of the devastated countries. The important requirements of the domestic and foreign markets sustain a great economic activity and has even resulted in considerable capital investments. We are therefore witnessing one of those waves of prosperity which after all wars break forth in all countries which have been materially spared.

Nevertheless, the numerous favourable aspects which the situation of Canada presents and the bright outlook which it offers should not cause us to lose sight of the state of uncertainty prevailing in the world. That is why it would be advisable to take into account, in our forecasts and in the decisions which business leaders must take, the eventuality of some change in business trend during the year just beginning. But there is room for the optimism which is justified by the tremendous natural wealth of our country, and by its even more considerable reserves, our national equipment which we have so well developed and modernized and, above all, a population which is sound, hard-working, thrifty and respectful of law and order.

The Honourable Charles P. Beaubien

We wish here to pay tribute to the memory of one of our Directors, the Honourable C. P. Beaubien, who died in Montreal, on January 17th, 1949. He was on our Board of Directors for nearly seventeen years, and his colleagues highly appreciated his sound advice and his devotion to your Bank.

The Honourable Wilfrid Gagnon, well known industrialist and eminent businessman of Montreal, accepted, on February 4th, 1949, to succeed the Honourable Senator Beaubien. His experience in the economic and financial spheres will no doubt be of great benefit to your Board and fully justifies the choice of your Directors.

The scrutineers reported that 22,255 shares were present and 287,872 represented by proxy at the Meeting, a total of 310,127 shares.

Before moving the adoption of the report of the Board of Directors, Mr. C. E. Gravel expressed his regret that Mr. Beaudry Leman and Mr. Charles Laurendeau had been prevented through ill-health from attending the meeting and wished them a complete recovery. "I have no doubt, he added, that the Chairman of the Board will be gratified with the results of the past year."

It was moved by Mr. C. E. Gravel, seconded by Hon. Jacob Nicol, and unanimously resolved, that the Seventy-fifth Annual Report of the Board of Directors be approved by the Shareholders.

Mr. G. Saint-Pierre, K.C., moved, seconded by Mr. J. Alex Prud'homme, K.C., that the congratulations of the Shareholders be tendered to the President and the Directors of the Bank on the highly satisfactory results and the further and substantial progress achieved during the past year.

The motion was unanimously adopted.

The President, on behalf of the Board, thanked the movers of the resolution and the Meeting.

Mr. Georges P. Vinant, seconded by Mr. Paul Béique, moved that the Shareholders express their satisfaction and their gratitude to the members of the staff who, under the efficient direction of the General Manager, Mr. Charles St-Pierre, have faithfully and loyally discharged their duties both to the Bank and to its clients, thus contributing to the further development of the Bank's business, as evidenced by the report on the operations of the past year, which has just been submitted to the Meeting.

The motion was unanimously adopted.

The General Manager thanked the movers of the resolution and the Shareholders, in his own name and on behalf of the members of the staff.

The Secretary read letters from Mr. Maurice Chartré, C.A., of Chartré, Samson, Beauvais, Gauthier & Co. and from Mr. Jean Valiquette, C.A., of Anderson & Valiquette, offering their services to the Bank as auditors for the fiscal year 1949-50.

Upon motion of Mr. Emile Chaput, seconded by Mr. J. Hector Brodeur, it was unanimously resolved that Messrs. Maurice Chartré, C.A., and Jean Valiquette, C.A., be appointed auditors, for the fiscal year ending November 30, 1950, and that their remuneration be set at a total amount of \$12,500 to be divided between them according to the time devoted by each to the affairs of the Bank.

It was moved by Mr. Maurice Vallée, seconded by Mr. Charles David, and unanimously resolved: That Mr. Beaudry Leman, Mr.

C. E. Gravel, Mr. Charles Laurendeau or the Honorable Jacob Nicol, each acting singly, or any other Director the Board may appoint, be authorized to act as attorney or proxy of Banque Canadienne Nationale at any and all meetings of the shareholders of Banque Canadienne Nationale (France).

Mr. J. V. Desaulniers moved, seconded by Mr. Joseph Boutin, that the Meeting proceed to the election of Directors and that one ballot be cast evidencing the decision of the Meeting. This motion was unanimously carried.

A ballot was handed to the scrutineers who reported that the following Shareholders had been elected Directors of the Bank:

Mr. L. J. Adjutor Amyot
Mr. Armand Chaput
Mr. Auguste Desilets, K.C.
Hon. J. M. Dessureault
Mr. Geo. T. Donohue
Hon. Wilfrid Gagnon
Mr. C. E. Gravel
Mr. Charles Laurendeau, K.C.
Mr. Beaudry Leman
Mr. A. J. Major
Hon. Jacob Nicol
Hon. Alphonse Raymond
Mr. Leo G. Ryan
Mr. Charles St-Pierre

The scrutineers' report was unanimously confirmed.

Upon motion of Mr. Joseph Hurtubise, it was unanimously resolved that the Meeting deeply regrets the absence, for reasons of health, of Mr. Beaudry Leman and of Mr. Charles Laurendeau, and wishes them a quick and complete recovery.

The meeting then adjourned.

At a meeting of the Board of Directors of the Bank held immediately after the Annual Shareholders' Meeting, Mr. Beaudry Leman was elected Chairman of the Board; Mr. C. E. Gravel was elected President of the Bank, and Mr. Charles Laurendeau and Hon. Jacob Nicol were elected Vice Presidents.

NATIONAL CANADIAN BANK

235 Branches and 307 Agencies in Canada

67 Branches in Montreal 15 Branches in Quebec City

OTHER BRANCHES

IN QUEBEC

Acton Vale
Amos
Bagotville
Baie Comeau
Baie St. Paul
Beauceville
Beauharnois
Beloeil
Berthierville
Bic
Bienville
Cabano
Cadillac
Cap aux Meules
Cap de la Madeleine
Cap de la Madeleine West
Chandler
Charlesbourg
Chicoutimi (2)
Coaticook
Contrecoeur
Deschailions
Dolbeau
Donnacoona
Drummondville
Farnham
Ferme-Neuve
Gaspé
Gracefield
Granby (2)
Grand'Mère
Hudson
Hull (3)
Iberville
Joliette
Jonquière
Kénogami
La Malbaie
L'Annonciation
Laprairie
La Sarre
L'Assomption
La Tuque
Lauzon
Lévis
L'Islet
Longueuil
Loretteville

Lorrainville
Louiseville
Malartic
Mariville
Matane
Métabetchouan
Montebello
Mont Joli
Mont Laurier
Montmagny
Montréal-Sud
Nicolet
Paspébiac
Plessisville
Portneuf
Princeville
Rawdon
Rigaud
Rimouski
Rivière du Loup (2)
Roberval
Rouyn
Roxton Falls
Ste. Adèle
St. Aimé
St. Anne des Monts
St. Anne de Beupré
St. Anne de la Pérade
St. Anne de la Pocatière
St. Anselme
St. Camille de Bellechasse
St. Casimir
St. Charles
St. Eustache
St. Evariste Station
St. Félixien
St. Félix de Valois
St. Gabriel de Brandon
St. Georges de Beauce
St. Hyacinthe (2)
St. Jacques l'Achigan
St. Jean
St. Jérôme
St. Joseph de Beauce
St. Joseph (Richelieu)
St. Lambert
St. Marie de Beauce
St. Martin
St. Martine

St. Ours
St. Pacôme
St. Pie de Bagot
St. Prosper
St. Raymond
St. Rémi
St. Romuald
Ste. Rose
Ste. Scholastique
Ste. Thérèse
St. Tite
Senneterre
Sept Îles
Shawinigan Falls (3)
Sherbrooke (3)
Sorel
Terrebonne
Thetford Mines
Trois Pistoles
Trois Rivières (2)
Valcourt
Val d'Or
Valleyfield (2)
Dorion-Vaudreuil
Victoriaville
Ville Marie
Wakefield
Warwick

IN ONTARIO

Casselman
Eastview
Fournier
Hawkesbury
L'Orignal
Ottawa (2)
Sturgeon Falls
Sudbury
Toronto
Vankleek Hill
Verner

IN MANITOBA

St. Boniface
St. Pierre
Winnipeg

IN SASKATCHEWAN
Pontheix

Principal Correspondents of the Bank

UNITED STATES

NEW YORK:

Bankers Trust Company
Chase National Bank
Chemical Bank & Trust Co.
Corn Exchange Bank Trust Company
Guaranty Trust Company of New York
Irving Trust Company
National City Bank
New York Trust Company
Public National Bank & Trust Co.

BOSTON:

First National Bank
National Shawmut Bank

BUFFALO:

Marine Trust Company

CHICAGO:

Continental Illinois National Bank and Trust Co.

LOS ANGELES:

Security-First National Bank of Los Angeles

PHILADELPHIA:

Philadelphia National Bank

PITTSBURGH:

Mellon National Bank and Trust Company

ST. PAUL:

First National Bank

SAN FRANCISCO:

Bank of America National Trust & Savings Association

WASHINGTON:

Riggs' National Bank

BELGIUM

ANTWERP:

Banque de Commerce

BRUSSELS:

Banque de Bruxelles
Credit Lyonnais

SPAIN

BARCELONA:

Banco Espanol de Credito

FRANCE

PARIS:

Banque Canadienne Nationale (France)
Banque Nationale pour le Commerce et l'Industrie
Banque de Paris et des Pays-Bas
Comptoir National d'Escompte de Paris
Crédit Commercial de France
Crédit Lyonnais
Société Générale
Société Générale de Crédit Industriel et Commercial

ENGLAND

LONDON:

Barclays Bank Limited
Clydesdale & North of Scotland Bank Limited
Comptoir National d'Escompte de Paris
Crédit Lyonnais
Société Générale de Crédit Industriel et Commercial

NETHERLANDS

ROTTERDAM:

Rotterdamsche Bank, N.V.

ITALY

ROME:

Credito Italiano
Banca Commerciale Italiana
Banco di Roma

NORWAY

OSLO:

Christiania Bank og Kreditkasse

SWITZERLAND

BASLE:

Société de Banque Suisse

ZURICH:

Société de Banque Suisse

Other correspondents in all parts of the world.

